

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 IO-13

DPW-01 AID-20 EUR-25 RSR-01 (ADP) W

----- 094245

R 301230Z JUL 73

FM AMEMBASSY SAIGON

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USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 13714

FOLLOWING MESSAGE SENT ACTION SAIGON INFO CDRUSSAG NKP RTAFB,
USDAO SAIGON FROM DANANG JULY 29 BEING REPEATED FOR YOUR INFO

QUOTE DANANG 962

LIMDIS

E.O. 11652: GDS

TAGS: PINT MILI VS

SUBJ: MR I CEASEFIRE AND POLITICAL WEEKLY OVERVIEW FOR PERIOD

JULY 22 - JULY 28, 1973

1. THE ECONOMY: RICE PRICES AND STOCKS:

RICE PRICES IN DANANG AND THE MILITARY REGION HAVE STABILIZED.

STEPS TAKEN BY GVN OFFICIALS AT THE CENTRAL, REGIONAL AND MUNICIPAL
LEVEL APPEAR TO HAVE ASSURED ADEQUATE STOCKS OF RICE AND TO HAVE
DISSIPATED SOME OF THE FEARS WHICH LED TO PANIC BUYING AND HOARDING.

THE SERIOUSNESS OF THE SITUATION WHICH HAD EXISTED IS ILLUSTRATED
BY COMPARING THE ANNUAL RATE OF INFLATION FOR DELTA RICE IN MR I
(41 PERCENT ACCORDING TO THE JULY 3 INDEX) WITH THE MONTHLY RATE
AT THE HEIGHT OF THE CRISIS (37 PERCENT ACCORDING TO THE JULY 17
THIRTY-DAY INDEX). FACTORS CONTRIBUTING TO THE PRICE RISE WERE:

-) IMPOSITION OF THE VALUE ADDED TAX WITHOUT CONTROLS OR ADEQUATE
UNDERSTANDING OF ITS ADMINISTRATION; B) THE INTERNATIONAL RICE
SHORTAGE; C) THE SALE OF CRITICAL STOCKS BY DELTA DEALERS FOR

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HIGHER PRICES TO CAMBODIA AND LAOS; D) THE DELAY IN DELIVERY OF

RICE TO 200,000 REFUGEES, A SIGNIFICANT PART OF WHICH THEY NORMALLY BRING ONTO THE LOCAL MARKET. STEPS TAKEN BY THE AUTHORITIES (SUCH AS RELEASE OF REGION RESERVE STOCKS AT ANNOUNCED, FIXED PRICES; ARRANGEMENTS TO BUILD UP RESERVES IN HUE; AND ARRANGEMENTS WITH THE MINISTER OF ECONOMICS TO ASSURE A SUPPLEMENTAL SUPPLY FROM CENTRAL RESERVES) ALL CONTRIBUTED TO STABILIZING THE SITUATION. A MORE DETAILED SUMMARY OF THE REGION RICE CRISIS WILL FOLLOW BY AIRGRAM.

2. MILITARY SITUATION:

THE LEVEL OF MILITARY ACTIVITY WAS LOW, THOUGH IT HAS RISEN FOR THE SECOND STRAIGHT WEEK. CEASEFIRE VIOLATIONS REPORTED AT I CORPS HEADQUARTERS AVERAGED THIRTEEN PER DAY COMPARED WITH EIGHT AND FOUR PER DAY, RESPECTIVELY, DURING THE PREVIOUS TWO WEEKS. THE LEVEL OF GVN ARTILLERY FIRE REMAINED LOW AND, WITH THE EXCEPTION OF ARTILLERY TRAINING FIRE ON JULY 24, IT OCCURRED ENTIRELY SOUTH OF THE HAI VAN PASS. THE SECTORS NORTH OF HAI VAN REMAIN QUIET WITH A RATHER WELL DEFINED "FRONT" RUNNING THROUGH QUANG TRI AND THUA THIEN PROVINCES. IN THE SOUTH, HOWEVER, THE GVN IS ACTIVELY CLEARING ENEMY LOWLAND BASE AREAS. PRG FORCES ARE RESISTING, BUT NOT VERY EFFECTIVELY. THE VC HAVE RESPONDED PRIMARILY WITH MORTAR FIRE ON THE CLEARING UNITS, BUT THE GVN ALSO REPORTS SMALL ARMED "CLASHES" (WHICH THE GVN IS NOT APPARENTLY CITING AS PRG/NVA CEASEFIRE VIOLATIONS). THE GVN ANSWERS WITH COUNTER-BATTERY AND DIRECTED FIRE. THUS, MOST OF THE SIGNIFICANT MILITARY ACTIVITY SOUTH OF HAI VAN RESULTS FROM GVN EFFORTS TO CLEAR PRG LOWLAND "LEOPARD SPOTS."

3. ICCS: INTERVAL IN LIMBO:

ICCS SUB-REGION TEAMS IN REGIONS I AND II WILL REMAIN DEPLOYED IN THE FIELD AFTER THE CANDEL DEPARTURE AND, IN FACT, ONE OF THE TWO AS YET UNDEPLOYED PORT OF ENTRY TEAMS MAY SET OUT FOR GIO LINH IN QUANG TRI WITH CANADIAN OPPOSITION NOW REMOVED. THE QUANG TRI SUB-REGION TEAM ALSO EXPECTS TO MAINTAIN REGULAR CONTACTS ALREADY ESTABLISHED WITH THE PRG NORTH OF THE THACH HAN RIVER DURING THE INTERVAL. HOWEVER, THE HUNGDEL AND OTHER MEMBERS HAVE QUESTIONED WHETHER THE THREE REMAINING DELEGATIONS ALONE CAN ACT OFFICIALLY UNDER THE PRESENT PROTOCOLS. THIS MUST BE DECIDED OR THE ICCS MUST BE RESTRUCTURED BEFORE IT WILL AGAIN FUNCTION OFFICIALLY.

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4. TPJMC: RELEASE OF CIVILIAN PRISONERS:

ON JULY 24 AND JULY 27 THE PRG WAS SCHEDULED TO RELEASE CIVILIAN PRISONERS TO THE GVN IN QUANG NAM, QUANG TIN AND QUANG NGAI. DUE TO MECHANICAL DIFFICULTIES WITH THE TRANSPORT AIRCRAFT THE PRG CALLED OFF THE RELEASES ON THE FIRST DATE. DUE TO PRG-STAGED DEMONSTRATIONS IN LOC NINH PROVINCE THE GVN CALLED OFF THE SECOND RELEASE ON ORDERS FROM SAIGON.

5. CONTROL OF PRG PROCUREMENT:

INITIAL PLANS FOR CONTROLLING PRG PROCUREMENT IN QUANG NGAI WERE DISCUSSED IN A MAJOR STAFF SESSION DURING THE WEEK, ATTENDED BY REPRESENTATIVES OF PROVINCE AND MOST MAJOR COMMANDS IN REGION. THE REPORT PREPARED IN CONNECTION WITH THE CONFERENCE SPELLED-OUT THE TREMENDOUS INCREASE OVER THE PAST SEVEN MONTHS IN VC PURCHASES AND CONFISCATIONS OF RICE, OTHER COMMODITIES AND MONEY, PARTICULARLY IN QUANG NGAI AND QUANG NAM. CONGEN WILL FILE A FULLER SUMMARY OF THE REPORT AS IT IS MADE AVAILABLE TO US.

6. COMMUNIST PSYWAR RESPONSES TO GVN MILITARY OPERATIONS:

THE PRG IN QUANG NGAI HAS RESPONDED TO THE GVN'S CONTINUATION OF LOWLAND CLEARING OPERATIONS WITH RENEWED PROPAGANDA APPEALS FOR RVNAF OFFICERS AND SOLDIERS TO STOP PARTICIPATING IN THIS WARFARE AND GO HOME TO ENJOY THE PEACE. IN THE SONG VE VALLEY, HOWEVER, WHERE THERE HAD BEEN AN APPARENT DE FACTO COMPROMISE REGARDING WHO HELD WHAT, THE VC MORTARED GVN TROOPS ATTEMPTING TO "INFRINGE" ON HIGH GROUND AND THREATENING THEIR VALLEY COMMUNICATIONS THROUGH TO THE LOWLANDS.

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